

Park East Square Homeowners Association Annual Owner Meeting, December 13, 2022

Call to order 7:04 p.m. via Zoom

In attendance

Board

Lois Bennett, President Karen Fassler, Secretary/Treasurer Therese Spears, Director
Mark Liebendorfer, Vice President (Kevin Bush, Director, excused)

Staff

Jon Ray Gardner, HOA Manager Bonnie Skilton, Bookkeeper

Guest

Dani Esch, Administrative Agent

Owners

Dave Longenecker	Tim Johnson	Christiane Sammoury-Audi	Rita Mitton
Ivette Visbal (2 townhomes)	Janet Hildebrandt	Peter Lowell	Rene Sotola
Rita Mitton	Safia Rubai	Michele Voecks	Brenda Roberts
Greg Butt	Tim & Glori Gessell	Ingrid Mielke-Maday	Maura Christoph
Sandy Lowery (2 townhomes)	Kellie Brownlee	Steve Haymes	Tom Clark
Wayne Schroeder	Pat Jeske	Lanai Bayne	Carol Conzelman
Mario Estabelini	Karl Williamson	Bjorn Bergmann	Krister Shalm
Roxanne Royce	Mary Magee		

20 proxies were also received. Quorum was established and the meeting began.

Reading of the Annual Owner Meeting Minutes. Karen read the 2021 minutes. Lois moved and Karen seconded a motion to approve the minutes, and it passed unanimously.

Introduction of Administrative Agent. Therese introduced Dani Esch, our new Administrative Agent, who will begin attending our meetings in January. Dani is from Boulder so she knows the area well and has been doing community management for 10 years, including HOA management for seven and half years. She is very excited to start working with PESHA.

Board Election. Two seats were filled for three-year terms beginning on January 1st. The two current directors volunteered to serve another term and Jon Ray called for nominations from the floor. The Nominating Committee also sought candidates in the newsletter and by email in November. No other candidates were identified so Karen and Lois were reelected by affirmation.

Maintenance and Major Project Report

- Completed in 2022
 - 4100-10 and 4244-4274 lots were repaved, completing fourth year of the repaving project.
 - Sewer lines in paved lots were scoped and issues repaired before repaving.
 - Exterior of six buildings were repaired using two contractors, completing sixth year of ongoing repair project.
 - Six buildings painted.

- Gutters and downspouts were repaired on six buildings, which is about the end of the 55 buildings.
- Ongoing coordination of 4232 fire reconstruction.
- Drain lines serving 25 buildings were cleaned.
- Two D townhome stairs/railings were replaced.
- Pressure Regulating Valves were replaced on water mainlines in three buildings.
- Some older trees in decline were removed and new trees planted, including those blown down during the wind storm last December.
- Common area sidewalk trip hazards were addressed.
- Four cluster mailboxes were replaced.
- Split rail and HOA patio fences were replaced as budget allowed.
- Maintenance: irrigation, weeds, gutters, snow, pool, fences, lighting, dog stations, lawn care, and more.
- Converted the pool chlorination system to a salt cell. Jon Ray heard good feedback and it avoided the need to close the pool for the mid-season draining required under the old system, and it saved water.
- Plans for 2023
 - Transition of administrative tasks to the management company.
 - Repave two more parking lots or one larger lot and fix sewer issues.
 - Repair building exteriors and paint six buildings.
 - Replace two D townhome stairs and railings.
 - Repair gutters and downspouts on five buildings.
 - Continue concrete repairs, e.g., sidewalks and/or carport slabs.
 - Complete the reconstruction of 4232.
 - Prune and remove more trees.
 - Plant more trees.
 - Replace more cluster mailboxes.
 - Rebuild more HOA patio and split rail fences.
 - Park strip improvement project. Have a plan and hope to bring in a contractor in the spring.
 - Replace more Pressure Regulating Valves.
 - Continue drain cleaning.
- Questions and comments
 - An owner acknowledged the excellent work Rocky Mountain Improvement did on repairing her building. Although DCS is moving, she noted they are still available to do interior work, windows, doors, attics, crawlspaces, etc.
 - One owner asked how it is decided how many lots (1 larger or 2 smaller) and buildings to do in a year and in terms of dues. It was noted that both are long-term projects. Painting six buildings per year means painting is on a 10-year cycle so saving for this is ongoing, just like other ongoing maintenance, repair, and replacement needs on different cycles, such as roofs with a 20-year cycle. This is balanced with other considerations such as continuing to catch up on deferred maintenance from past years, unexpected expenses (e.g., insurance deductible), and improvements (e.g., storage doors).

Budget Review. Bonnie was recognized for her 30+ years of service as our bookkeeper. We wish her well in her retirement. She will be missed. Lois did a detailed, line-by-line review of the approved 2023 budget (on the website and mailed in November) compared to the 2022 year-to-date and projected budget and 2021 actuals. Dues increased for 2023. It was noted that a \$100 discount is being offered if dues for the whole year are paid in January. First, expenses continue to go up as explained in the

November meeting. For example, the new management company net cost is \$6/unit/month, legal costs to update policies from legislation and governing documents from 1974, grounds contract increase even with the solicitation and selection of the lowest bid, insurance premiums increase 13%, etc. Second, there is a need to replenish the reserves. We have drawn from reserves to cover expenses over the past several years and costs of the large projects have also increased. For example, costs of building materials and contractor rates increased, paving prices increased tied primarily to the price of oil that fluctuates as the work is being done. We also need to build up the reserves to cover deferred maintenance (which only becomes more costly the longer it is delayed), and to fund future needs, such as the sinking pool bathroom floors. While this affects the interior walls right now, it will eventually affect the plumbing. The extent of repairs is unknown at this point but funds have to be set aside for a structural engineer to do an assessment and plan, as well as the actual repairs. The board does not expect large increases like 2023 to occur every year but we must be fiscally responsible in covering operating needs and reserves.

- Questions and comments
 - Several owners expressed their appreciation for Jon Ray's work and his level of service.
 - Several owners expressed their concern over the amount of the increase for 2023.
 - An owner asked how the board decides on what are essential projects and the impact of dues. The chart was pulled up again and the process explained. The board starts with a list of all potential projects, prioritizes them, and then creates the budget. It was noted that even some "A" priorities do not get funded.
 - An owner asked what the difference is between the building lines in the reserves vs. expenses lines. The bulk of building repairs are in the reserves, such as siding, painting, gutters, D decks and stairs.
 - An owner asked how many more years are left before the paving project is complete? At least five. However, we need to continue to save for when repairs are needed again.
 - Three owners had questions or comments about reserves. One question was about the ratio of reserves to dues and if the management company would think that is adequate. It is noted that the percentage income includes more than dues and there is a range of what is adequate depending on several factors. The management company does not perform this service. It is based on a professional reserve study. Our study was done a number of years ago and it was noted that the General Assembly is expected to have legislation on reserves again in the upcoming session. In respect to the amount of reserves, the figures were reviewed and it was noted that the funds coming out take care of maintenance responsibilities. The risk of not having reserves for major needs is a special assessment or having to apply for a loan.
 - An owner noted the amount of increase in some fees and said balance is needed, asking if there is a way to see more detail. Detailed financial reports are on the website. The board agrees balance is important and realizes this increase is large but also keep in mind that dues were kept artificially low for some time as no maintenance was occurring and that simply was not sustainable. One owner noted inflation is outside of the board's control, building costs are more than the rate of inflation, and we cannot let things linger and build up. Another owner who has other rental properties reported also hearing that legislation requiring reserve studies is coming because many HOAs do not adequately fund them and that is fiscally irresponsible, resulting in special assessments. She commended the board for its incredible insight, also agreeing that many increase are out of its control. If we allowed things to fall apart, it would impact our property values and she appreciates the balance and forward thinking to plan over time.
 - One owner believes costs have increased due to enforcement so staff no longer take care of the grounds but now spend time in the office. Jon Ray reported that his work on the grounds is still

pretty hands-on. Several board members also noted that office work includes contracts and materials, staff's snow removal is cheaper than using the contractor, and dealing with complaints is minor compared to where our time is spent. Another owner noted that he saw the comment in the anonymous letter and it has not been his experience that Jon Ray spends his time behind the desk as opposed to working on the grounds, which makes him suspicious of the other allegations in the letter.

- An owner asked if there would be a vote to approve the budget tonight. There would be no vote as that already occurred when the budget was approved in November. The process was explained noting that as a "pre-CCIOA" HOA, our budgets are not subject to a vote to veto in the law because we have a rate cap in our governing documents and we are well under our rate cap.

Owner Education. This portion of the meeting provided information on several topics.

- Crawlspace. Owners should regularly look in their crawlspaces because things can happen that result in big issues. Make sure steel beams are not bowed, duct insulation is adequate and attached, and check for rusting support posts. Look for moisture – vapor barriers on liners and sump pumps can help. Also check for disconnected, broken, or clogged dryer vents (fire hazard), and know where the large main gate valve on the building water line and the pressure regulating valve are located.
- Attic Drywall. Drywall was installed on a small portion of the ceilings near party walls, perhaps as part of the fire break. It was nailed as opposed to being screwed in and some has fallen down into the attic. This can compress insulation, clutter the same, and even poke through the ceiling. It is important to know that the HOA is not responsible for anything in the attic.
- Fire Safety. All townhomes with 2nd floors should consider emergency escape ladders for bedroom windows. Do not prop open carport fire doors or interior trash room doors. Stairwells are the only means of egress for D units. Do not store flammables, hazardous materials, or junk under the stairs. Do not block the stairs or hallways.
- Insurance. The HOA only insures the "shell", owners should insure interiors. Review the *Maintenance and Insurance Chart*. Check coverage with your agent to be sure it is adequate. Discuss Loss Assessment coverage with your agent and be aware some policies exclude wind and hail damage. At least \$10,000 is recommended. We suggest sharing the Chart so they can check coverage to be sure it is adequate and ensure that asbestos abatement is covered.
- Exterior Modifications. Any project involving the exterior of the building will require approval from the board. Submit the application before work begins. Share the HOA's Architectural Control Guidelines with contractors. Owners were reminded not to sign contracts or pay anything for any project until the application is approved.

General Q&A

- Several owners commented on the amount of enforcement in the belief that it is one of the reasons behind the dues increase. Examples were swings in trees, birdfeeders, dogs in the main common area, and lights. It was suggested that enforcement be limited to serious, critical items and not subjective things (e.g., birdfeeders) since they do not impact the buildings. Board members said they appreciate all the comments. It was noted that lights are in response to City of Boulder ordinances so we comply. Common interest communities have rules that must be enforced and the vast majority take care of the problem. It was noted that birdfeeders attract rodents, which do affect the structure.
- An owner asked if pool hours could go back to 10:00 p.m. as there is no added expense and commented that the cameras were not in the budget and are an invasion of privacy. Pool hours are decided by the board in the spring. They were held over from the pandemic and staffing availability.

The camera was approximately \$52 and only records the public area when the pool is closed. One was also installed by the shop after three windows were broken. Vandalism at the pool was happening regularly and cleanup was time consuming. The cameras are an effective deterrent.

- An owner of a D unit said the content of the anonymous letter was pretty disturbing. She asked for more information on the supporting beam issue in the letter since it alleged a lack of safety. Jon Ray explained that it was a very complex issue that took different types of contractors and engineers. The approved plans and repair were signed off on, permitted, and inspected by the City, which was corroborated by current members and a former member of the board. We currently have another D unit with a shifting floor but it is a different issue and we are waiting for an engineer's plan. There are several factors in assessing the nature of an issue including age, soil, hydrology, the way the buildings were constructed, etc. The HOA is trying to be very proactive in fulfilling its fiduciary duty by bringing in experts and acting accordingly. In the case of the D unit referenced in the letter, it was noted that at no point did the city declare the unit unsound and unable to be occupied. The owner of that D unit disagreed saying it could not be occupied and she never received a copy of the final inspection that she requested. It was explained that it was an HOA responsibility as it involved a structural problem over the easement; thus, the documents are HOA property and release is controlled by law and policy.
- Several expressed their appreciation of the board and the tough job in balancing fees with inflation, as well as Jon Ray's assistance with some specific repairs, and for Bonnie's service.

Adjourned at 9:30 p.m.